

Malls Aren't What They Used to Be (and Maybe That's OK)

Department stores are out. Dining and entertainment are in.

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US consumers' shopping behavior isn't as mall-centric as it once was, but declaring the death of traditional shopping centers might be a little premature.

It's true, merchants can no longer rely on traditional anchors—usually department stores—to attract crowds. According to [Coresight Research](#), the number of full-line department stores will shrink to 4,750 by 2023, down 19.5% from 2017.

It's also true that ecommerce has forever changed consumer expectations. According to a May 2018 survey from [Valassis](#), more than half of consumers do most of their shopping online. When asked why they choose not to shop at malls, respondents' top reasons were that ecommerce provides more options (40%), and that they want to avoid crowds or having to park (38%).

But people still go to the mall for many reasons, some unique to brick-and-mortar retail. Despite apparel sales shifting online, 60% of those polled prefer shopping in malls for clothing. Advantages of mall shopping cited include the ability to visit multiple stores (39%) and, notably, social aspects like spending time with family and friends

(24%), as well as being able to make a day of a shopping excursion with on-site dining/entertainment (19%).



Brick-and-mortar retailers have been trying to tap into those social lures that can't be easily replicated online. Malls haven't been able to compete with the efficiency of ecommerce, and are using experiences like **events and destination restaurants as a differentiator**.

Real estate firm **Phillips Edison & Company** released a set of retail trends at the International Council of Shopping Centers' RECon event in May 2018, and experiential retail, pop-ups, food halls and fast-casual dining made the list of five.

In a **Jones Lang LaSalle (JLL)** study of malls that have been renovated since 2014, upgrading food and beverage options was the most popular strategy (41.1%). Focusing on entertainment (28.9%) was also a common tactic, while creating open spaces and parks (11.1%) and adding community and kids' spaces (8.9%) were done to a lesser degree.

On the high end, Westfield Century City in Los Angeles spent \$1 billion on renovations and opened the first West Coast location of Eataly, the massive Italian food hall. And Oakbrook Center in Illinois upgraded its

AMC Theatres to feature reclining seats, in addition to creating a "Village Green" where it screens family-friendly movies outdoors.

The shift to experiential retail follows the money. According to Coresight Research analysis, the share of US consumers' discretionary spending going toward goods declined from 50% in 2000 to 45.3% in 2017. Now, consumers are allocating more dollars to services like dining and entertainment, and by 2023, that growth will translate to \$78 billion in spending.

When mall-avoiders were asked by Valassis what would win them over, 59% said better discounts. Offer-seeking behavior aside, 18% did say events and pop-up shops might make them change their tune.